

§ 89.202 Definitions.

The definitions in subpart A of this part apply to this subpart. The following definitions also apply to this subpart:

Averaging for nonroad engines means the exchange of emission credits among engine families within a given manufacturer's product line.

Banking means the retention of nonroad engine emission credits by the manufacturer generating the emission credits for use in future model year averaging or trading as permitted by these regulations.

Emission credits represent the amount of emission reduction or exceedance, by a nonroad engine family, below or above the emission standard, respectively. Emission reductions below the standard are considered as "positive credits," while emission exceedances above the standard are considered as "negative credits." In addition, "projected credits" refer to emission credits based on the projected applicable production/sales volume of the engine family. "Reserved credits" are emission credits generated within a model year waiting to be reported to EPA at the end of the model year. "Actual credits" refer to emission credits based on actual applicable production/sales volume as contained in the end-of-year reports submitted to EPA. Some or all of these credits may be revoked if EPA review of the end-of-year reports or any subsequent audit action(s) uncovers problems or errors.

Trading means the exchange of nonroad engine emission credits between manufacturers.

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§ 89.203 General provisions.

(a) The averaging, banking, and trading programs for NO_x, NMHC+NO_x, and PM emissions from eligible nonroad engines are described in this subpart. Participation in these programs is voluntary.

(b) *Requirements for Tier 1 engines rated at or above 37 kW.* (1) A nonroad engine family is eligible to participate in the averaging, banking, and trading program for NO_x emissions and the banking and trading program for PM

emissions if it is subject to regulation under subpart B of this part with certain exceptions specified in paragraph (b)(2) of this section. No averaging, banking, and trading program is available for meeting the Tier 1 HC, CO, or smoke emission standards specified in subpart B of this part. No averaging program is available for meeting the Tier 1 PM emission standards specified in subpart B of this part.

(2) Nonroad engines may not participate in the averaging, banking, and trading programs if they are exported or are sold as Blue Sky Series engines as described in § 89.112(f). Nonroad engines certified on a special test procedure under § 89.114(a), may not participate in the averaging, banking, and trading programs unless the manufacturer has requested that the engines be included in the averaging, banking, and trading programs at the time the request for the special test procedure is made and has been granted approval by the Administrator for inclusion in the averaging, banking, and trading programs.

(3) A manufacturer may certify one or more nonroad engine families at NO_x family emission limits (FELs) above or below the Tier 1 NO_x emission standard, provided the summation of the manufacturer's projected balance of all NO_x credit transactions in a given model year is greater than or equal to zero, as determined under § 89.207(a). A manufacturer may certify one or more nonroad engine families at PM FELs below the Tier 2 PM emission standard that will be applicable to those engine families.

(i) FELs for NO_x may not exceed the Tier 1 upper limit specified in § 89.112(d).

(ii) An engine family certified to an FEL is subject to all provisions specified in this part, except that the applicable FEL replaces the emission standard for the family participating in the averaging, banking, and trading program.

(iii) A manufacturer of an engine family with a NO_x FEL exceeding the Tier 1 NO_x emission standard must obtain NO_x emission credits sufficient to address the associated credit shortfall via averaging, banking, or trading.